

**GOODWILL INDUSTRIES OF  
SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
December 31, 2004**

**Audit of Combined Financial Statements**

**December 31, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-13-05



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Boards of Directors  
**Goodwill Industries of Southeastern  
Louisiana, Inc. and Goodworks, Inc.**

Independent Auditor's Report

We have audited the accompanying combined statement of financial position of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** as of December 31, 2004, and the related combined statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** as of December 31, 2004, and the combined changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2005, on our consideration of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Our audit was performed for the purpose of forming an opinion on the basic combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedules I through IV are presented for the purposes of additional analysis and are not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.



A Professional Accounting Corporation

June 22, 2005



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.**

**COMBINED STATEMENT OF FINANCIAL POSITION**

**December 31, 2004**

**ASSETS**

**CURRENT**

Cash and Cash Equivalents	\$ 1,779,286
Accounts Receivable - Trade	3,569,807
Merchandise Inventory	331,125
Prepaid Expenses and Other	<u>511,853</u>

Total	<u>6,192,071</u>
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**PROPERTY AND EQUIPMENT**

Land	764,312
Building and Building Improvements	2,697,221
Machinery and Equipment	1,043,719
Furniture and Fixtures	1,015,960
Handy-Vans	9,736
Automobiles and Trucks	332,178
Leasehold Improvements	275,587
Computer Equipment	37,893
Condo - Timeshare	<u>30,000</u>

6,206,606

Less: Accumulated Depreciation	<u>3,636,064</u>
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Property and Equipment - Net	<u>2,570,542</u>
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**OTHER ASSETS**

Deposits	<u>47,629</u>
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Total Assets	<u>\$ 8,810,242</u>
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The accompanying notes are an integral part of these combined financial statements.



## **LIABILITIES AND NET ASSETS**

### **CURRENT LIABILITIES**

Accounts Payable	\$ 931,442
Accrued Expenses and Taxes	701,698
Deferred Revenue	16,547
Notes Payable	<u>447,483</u>

Total Current Liabilities 2,097,170

### **LONG-TERM LIABILITIES**

Notes Payable (Net of Current Maturities)	<u>1,568,361</u>
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### **NET ASSETS**

Unrestricted	5,144,711
Temporarily Restricted	-
Permanently Restricted	<u>-</u>

Total Net Assets 5,144,711

Total Liabilities and Net Assets \$ 8,810,242



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**and GOODWORKS, INC.**  
**COMBINED STATEMENT OF ACTIVITIES**  
**For The Year Ended December 31, 2004**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SALES REVENUE</b>				
Retail Stores	\$ 7,119,797	\$ -	\$ -	\$ 7,119,797
Contributed Revenue - Donated Goods	3,205,705	-	-	3,205,705
Salvage	281,041	-	-	281,041
Total	10,606,543	-	-	10,606,543
<b>VOCATIONAL TRAINING REVENUE</b>				
Janitorial Contracts	6,506,855	-	-	6,506,855
Training Fees	85,718	-	-	85,718
Training Fees - United Way	145,139	-	-	145,139
Total	6,737,712	-	-	6,737,712
<b>OTHER SOURCES OF INCOME</b>				
Federal and State Financial Assistance	3,818,049	-	-	3,818,049
Contributions	72,648	-	-	72,648
Grant Income - Summer Youth	707,028	-	-	707,028
Investment Return	5,077	-	-	5,077
Miscellaneous	52,252	-	-	52,252
Total	4,655,054	-	-	4,655,054
Total Revenue	21,999,309	-	-	21,999,309
<b>EXPENSES</b>				
Program Services:				
Retail Program - Cost of Goods Sold	3,194,886	-	-	3,194,886
Rehabilitation Services	17,042,656	-	-	17,042,656
Supporting Services:				
Management and General	1,331,773	-	-	1,331,773
Total Expenses	21,569,315	-	-	21,569,315
<b>CHANGE IN NET ASSETS</b>	429,994	-	-	429,994
<b>NET ASSETS, BEGINNING OF YEAR</b>	4,714,717	-	-	4,714,717
<b>NET ASSETS, END OF YEAR</b>	\$ 5,144,711	\$ -	\$ -	\$ 5,144,711

The accompanying notes are an integral part of these combined financial statements.



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
COMBINED STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2004**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 429,994
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	301,958
(Gain) on Sale of Fixed Assets	(4,300)
(Increase) in Accounts Receivable - Trade	(352,858)
(Increase) in Inventory	(10,819)
(Increase) in Prepaid Expenses	(95,161)
Decrease in Deposits	9,575
Increase in Accounts Payable	112,351
Increase in Accrued Expenses and Taxes	225,447
Increase in Deferred Revenue	<u>14,692</u>

Net Cash Provided by Operating Activities 630,879

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Fixed Assets	(326,770)
Proceeds from Sale of Fixed Assets	<u>4,300</u>

Net Cash Used in Investing Activities (322,470)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from Notes Payable	2,244,979
Payments on Notes Payable	<u>(2,280,930)</u>

Net Cash Used in Financing Activities (35,951)

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 272,458

**CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** 1,506,828

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$ 1,779,286

**SUPPLEMENTAL INFORMATION:**

Cash Paid for Interest	<u>\$ 88,413</u>
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The accompanying notes are an integral part of these combined financial statements.



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**and GOODWORKS, INC.**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2004**

	<u>Management and General</u>	<u>Rehabilitation Service</u>	<u>Total</u>
<b>WAGES AND PENSION</b>			
Wages	\$ 724,806	\$ 9,098,742	\$ 9,823,548
Pension	<u>-</u>	<u>680,797</u>	<u>680,797</u>
	<u>724,806</u>	<u>9,779,539</u>	<u>10,504,345</u>
<b>OCCUPANCY</b>			
Rent	-	1,064,318	1,064,318
General Liability Insurance	40,659	428,742	469,401
Utilities	-	277,360	277,360
Repairs and Maintenance - General	-	237,437	237,437
Linen and Housekeeping Supplies	-	27,712	27,712
All Other	<u>-</u>	<u>205,276</u>	<u>205,276</u>
	<u>40,659</u>	<u>2,240,845</u>	<u>2,281,504</u>
<b>OPERATING</b>			
Janitorial Supplies	-	335,604	335,604
Production Materials	-	110,011	110,011
Waste Disposal Fees	-	268,341	268,341
Specific Assistance to Individuals	10,113	1,314,666	1,324,779
Travel and Promotion	30,064	138,557	168,621
Rental and Maintenance of Equipment	16,513	124,951	141,464
Supplies and General	22,998	76,864	99,862
Repairs - Company Vehicles	75	48,189	48,264
Gas and Oil - Company Vehicles	1,369	52,063	53,432
Insurance - Company Vehicles	3,265	102,974	106,239
Leasing Costs	<u>-</u>	<u>95,440</u>	<u>95,440</u>
	<u>84,397</u>	<u>2,667,660</u>	<u>2,752,057</u>
<b>ADMINISTRATIVE</b>			
Payroll Taxes	58,976	809,638	868,614
Worker's Compensation Insurance	11,536	264,930	276,466
Insurance - Employee Benefits	76,561	224,141	300,702
Subcontracting	-	46,441	46,441
Professional Fees	78,092	31,142	109,234
NISH Commissions	-	224,731	224,731
Telephone	15,432	121,665	137,097
Membership Dues	10,684	102,182	112,866
Printing	4,944	55,539	60,483
Postage	9,813	17,356	27,169
Other Administrative	185,583	151,119	336,702
Tax and Licenses	32	1,899	1,931
Bad Debt Expense	<u>-</u>	<u>32,129</u>	<u>32,129</u>
	<u>451,653</u>	<u>2,082,912</u>	<u>2,534,565</u>
<b>DEPRECIATION</b>	<u>30,258</u>	<u>271,700</u>	<u>301,958</u>
Total	<u>\$ 1,331,773</u>	<u>\$ 17,042,656</u>	<u>\$ 18,374,429</u>

The accompanying notes are an integral part of these combined financial statements.



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. (GOODWILL) and GOODWORKS, INC. (GOODWORKS)** (collectively the Organizations) follow the accounting procedures and practices for voluntary health and welfare organizations established by the American Institute of Certified Public Accountants as published in the Industry Audit Guide on "Audits of Voluntary Health and Welfare Organizations," which constitute generally accepted accounting principles. The Organizations assist people with disabilities and other special needs in their efforts to participate fully in society by helping them develop occupational capabilities and opportunities. The Organizations' territory covers twenty-three parishes in Southeastern Louisiana.

**COMBINATION OF FINANCIAL STATEMENTS**

The accompanying combined financial statements include the accounts of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** Intercompany transactions and balances have been eliminated in combination.

**TRADE RECEIVABLES**

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The allowance for bad debts totaled \$23,945 as of December 31, 2004.

**CONCENTRATION OF CREDIT RISK**

**GOODWILL's** services are rendered to people with disabilities or other disadvantaging conditions in Southeastern Louisiana. All of the training fees and grants are generated from services to rehabilitation clients. **GOODWILL** grants credit to several state offices for the above stated training fees. As of December 31, 2004, **GOODWILL** has an unused line of credit with a bank in the amount of \$750,000, collateralized by accounts receivables.

The Organizations have bank accounts exceeding the insurance coverage provided by the federal government. As of December 31, 2004, \$1,261,642 of the total balance of cash and cash equivalents is not FDIC insured.

**CONTRIBUTION RECOGNITION**

The Organizations' record contributions as restricted if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period, are reported as unrestricted.



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CONTRIBUTION RECOGNITION (Continued)**

The Organizations report gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**FINANCIAL STATEMENT PRESENTATION**

The Organizations report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**DONATED MATERIAL AND SERVICE**

Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, requires that contributions be recognized as revenue when received. During 2004, **GOODWILL** recognized contributed merchandise with a fair value of \$3,205,705 as contribution revenue. This merchandise requires program related expenses/processes accomplished by people with disabilities and other disadvantaging conditions before it reaches its point of sale.

Goods purchased for resale are valued at the lower of cost or net realizable value.

A substantial number of volunteers have donated significant amounts of their time in the Organizations' program services. However, these services do not meet all of the applicable requirements of SFAS No. 116, therefore, no amounts have been reflected in the combined financial statements for these donated services.

**INCOME TAXES**

**GOODWILL** was formed in 1947, to provide services to the disabled. The Organization was chartered in the State of Louisiana as a non-profit organization and is exempt from Federal income taxes under Section 501(c)3 of the Internal Revenue Code. **GOODWORKS** was formed in 1998 in order to service government contracts. The Organization was chartered in the State of Louisiana as a nonprofit organization and is exempt from Federal income taxes under Section 501(c)3 of the Internal Revenue Code.

**CASH AND CASH EQUIVALENTS**

The Organizations consider all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost, with the exception of donated items, which are stated at fair market value at date of donation. Excluding land, the Organizations use the straight-line depreciation method over the useful lives of its property and equipment. Buildings and Improvements are depreciated over 40 years. Furniture and Fixtures are depreciated over 10 years. Machinery and Equipment, Automobiles and Trucks are depreciated over five years and Handy-Vans are depreciated over three years. Leasehold Improvements are being amortized over the life of the lease. The Organizations capitalize fixed assets with costs of \$1,000 or greater and a useful life of three years or more. Depreciation expense for 2004 was \$301,958.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MERCHANDISE INVENTORY**

SFAS No. 116 requires that contributions be recognized as inventory when received and be carried at fair value. Management estimates the fair value of inventory using a gross margin method.

**ACCOUNTING FOR FINANCIAL INSTRUMENTS**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the cash and cash equivalents section in the combined statement of financial position.

**NOTE B**

**CASH AND CASH EQUIVALENTS**

As of December 31, 2004, cash equivalents included \$243,716 of U.S. Treasury Securities due within ninety days. Interest income on cash and cash equivalents is included in investment return on the accompanying combined Statement of Activities.

**NOTE C**

**PREPAID EXPENSES AND OTHER CURRENT ASSETS**

The components of prepaid expenses and other current assets for December 31, 2004, is summarized below:

Prepaid Insurance	\$ 331,788
Supplies	61,158
Due from Foundation	106,170
Prepaid Rent	10,000
Prepaid - Other	<u>2,737</u>
Total Prepaid Expenses and Other Current Assets	<u>\$ 511,853</u>



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**NOTE D**

**CONDOMINIUMS**

**GOODWILL** has two condominiums that it received as donations. Both condominiums were being depreciated using the straight-line method and are fully depreciated. The condominiums are being rented and the rental income is used to fund current operations.

**NOTE E**

**NOTES PAYABLE**

Details of note payable for the year ended December 31, 2004, consisted of the following:

Note payable to bank with monthly payments of \$11,142 and one final payment of \$1,015,491, maturing on January 23, 2014. Interest rate of 5.90%. Secured by two properties.	\$ 1,515,867
Note payable to bank with monthly payments of \$2,312, maturing on August 2, 2008. Interest rate at 5.125%. Secured by deposits.	92,440
Note payable to bank with monthly payments of \$48,998, maturing on September 2, 2005. Interest rate at 3.625%. Secured by deposits.	331,655
Note payable to finance company with monthly payments of \$656, maturing on July 15, 2008. Interest rate at 0%. Secured by vehicle.	26,914
Note payable to United Way Bynum Fund. Due on demand.	2,100
Note payable to NISH with quarterly payments bearing interest at 4.25%. Due January 13, 2005. Secured by equipment.	5,053
Note payable to bank with monthly payments of \$2,447, maturing on August 12, 2006. Interest rate at 4%. Secured by equipment.	37,487
Note payable to credit corporation with monthly payments of \$228, maturing on July 11, 2006. Interest rate at 0%. Secured by equipment.	<u>4,328</u>
	2,015,844
Less: Current Maturities	<u>447,483</u>
Long-Term Debt	<u>\$ 1,568,361</u>



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**NOTE E**

**NOTES PAYABLE (Continued)**

The maturities for the next five years are as follows:

<u>Years</u>	<u>Amount</u>
2005	\$ 447,483
2006	92,940
2007	84,137
2008	65,582
2009 and After	<u>1,325,702</u>
	<u>\$ 2,015,844</u>

Interest expense totaled \$88,413 for the year ended December 31, 2004.

**NOTE F**

**LEASE AGREEMENTS**

**GOODWILL** has real estate leases as of December 31, 2004, expiring in various years through 2010.

Future minimum lease payments as of December 31<sup>st</sup> are as follows:

<u>Years</u>	<u>Amount</u>
2005	\$ 997,771
2006	705,320
2007	684,395
2008	588,238
2009 and After	<u>963,948</u>
	<u>\$ 3,939,672</u>

Rent expenses totaled \$1,064,318 in 2004.

**GOODWILL** leases twelve automobiles under operating leases expiring in various years through 2008. The minimum lease payments are as follows:

<u>Years</u>	<u>Amount</u>
2005	\$ 42,735
2006	29,162
2007	20,025
2008	<u>7,462</u>
	<u>\$ 99,384</u>



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**NOTE G**

**UNITED WAY CONTRIBUTIONS**

**GOODWILL** receives allocations and designations from several United Way Agencies. Allocations are restricted to funded programs, whereas, designations are unrestricted. The allocations and designations received in 2004 are as follows:

	<u>Allocations</u>	2004 <u>Designations</u>	<u>Total</u>
United Way for the Greater New Orleans Area	\$ 9,697	\$ -	\$ 9,697
St. John United Way	<u>1,200</u>	<u>-</u>	<u>1,200</u>
	<u>\$ 10,897</u>	<u>\$ -</u>	<u>\$ 10,897</u>

The above amount is included in Contributions on the Combined Statement of Activities.

Fees Paid for Rehabilitation Service from United Way for the Greater New Orleans Area	<u>\$ 145,139</u>
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**NOTE H**

**REIMBURSEMENTS**

Under its Projects with Industry (PWI) programs, **GOODWILL** trains persons with disabilities and vocational disadvantaging conditions for employment. **GOODWILL** receives fees for such services provided from the Louisiana Department of Social Services (Office of Family Support), Louisiana Rehabilitation Services, or United Way.

**NOTE I**

**PENSION PLAN**

**GOODWILL** initiated a defined contribution pension plan in 1993, for the employees of its federal contracts. The plan does not have any minimum eligibility requirements to participate. Employer contributions vary based on terms of each Federal contract and regular hours of each employee. When **GOODWORKS** was formed in 1998, it assumed responsibility for pension plan contributions from **GOODWILL**. **GOODWORKS** contributed \$680,797 to the plan in 2004.



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.**

**SCHEDULE I  
COMBINING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2004  
(With Comparative Totals for 2003)**

ASSETS	Goodwill	Goodworks	Elimination	Total	2003
<b>CURRENT</b>					
Cash and Cash Equivalents	\$ 1,351,651	\$ 427,635	\$ -	\$ 1,779,286	\$ 1,506,828
Accounts Receivable - Trade	1,169,068	2,400,739	-	3,569,807	3,216,949
Merchandise Inventory	331,125	-	-	331,125	320,306
Due from Goodworks	272,273	-	(272,273)	-	-
Prepaid Expenses and Other	458,553	53,300	-	511,853	416,692
Total	<u>3,582,670</u>	<u>2,881,674</u>	<u>(272,273)</u>	<u>6,192,071</u>	<u>5,460,775</u>
<b>PROPERTY AND EQUIPMENT</b>					
Land	764,312	-	-	764,312	764,312
Building and Building Improvements	2,697,221	-	-	2,697,221	2,685,323
Machinery and Equipment	364,820	678,899	-	1,043,719	886,274
Furniture and Fixtures	1,015,960	-	-	1,015,960	872,033
Handy-Vans	9,736	-	-	9,736	9,736
Automobiles and Trucks	332,178	-	-	332,178	404,876
Leasehold Improvements	275,587	-	-	275,587	270,895
Computer Equipment	37,893	-	-	37,893	34,486
Condo - Timeshare	30,000	-	-	30,000	30,000
	<u>5,527,707</u>	<u>678,899</u>	<u>-</u>	<u>6,206,606</u>	<u>5,957,935</u>
Less Accumulated Depreciation	<u>3,151,740</u>	<u>484,324</u>	<u>-</u>	<u>3,636,064</u>	<u>3,411,131</u>
Property and Equipment - Net	<u>2,375,967</u>	<u>194,575</u>	<u>-</u>	<u>2,570,542</u>	<u>2,546,804</u>
<b>OTHER ASSETS</b>					
Deposits	47,629	-	-	47,629	57,204
Total Assets	<u>\$ 6,006,266</u>	<u>\$ 3,076,249</u>	<u>\$ (272,273)</u>	<u>\$ 8,810,242</u>	<u>\$ 8,064,783</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 471,297	\$ 460,145	\$ -	\$ 931,442	\$ 819,091
Accrued Expenses and Taxes	582,238	119,460	-	701,698	476,251
Deferred Revenue	16,547	-	-	16,547	1,855
Due to Goodwill	-	272,273	(272,273)	-	-
Notes Payable	383,567	63,916	-	447,483	459,737
Total Current Liabilities	<u>1,453,649</u>	<u>915,794</u>	<u>(272,273)</u>	<u>2,097,170</u>	<u>1,756,934</u>
<b>LONG-TERM LIABILITIES</b>					
Notes Payable (Net of Current Maturities)	<u>1,493,049</u>	<u>75,312</u>	<u>-</u>	<u>1,568,361</u>	<u>1,593,132</u>
<b>NET ASSETS</b>					
Unrestricted	3,059,568	2,085,143	-	5,144,711	4,714,717
Temporarily Restricted	-	-	-	-	-
Permanently Restricted	-	-	-	-	-
Total Net Assets	<u>3,059,568</u>	<u>2,085,143</u>	<u>-</u>	<u>5,144,711</u>	<u>4,714,717</u>
Total Liabilities and Net Assets	<u>\$ 6,006,266</u>	<u>\$ 3,076,249</u>	<u>\$ (272,273)</u>	<u>\$ 8,810,242</u>	<u>\$ 8,064,783</u>

See independent auditor's report.



GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.

SCHEDULE II  
COMBINING STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2004  
(With Comparative Totals for 2003)

	Goodwill			Goodworks, Inc.			Elimination	Combined Total	2003
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>SALES REVENUE</b>									
Retail Stores	\$ 7,119,797	\$ -	\$ -	\$ 7,119,797	\$ -	\$ -	\$ -	\$ 7,119,797	\$ 6,694,879
Contributed Revenue - Donated Goods	3,205,705	-	-	3,205,705	-	-	-	3,205,705	3,080,406
Salvage	281,041	-	-	281,041	-	-	-	281,041	243,015
Total	10,606,543	-	-	10,606,543	-	-	-	10,606,543	10,018,300
<b>VOCATIONAL TRAINING REVENUE</b>									
Janitorial Contracts	865,464	-	-	865,464	5,641,391	-	-	6,506,855	6,623,071
Training Fees	85,718	-	-	85,718	-	-	-	85,718	139,146
Training Fees - United Way	145,139	-	-	145,139	-	-	-	145,139	153,864
Total	1,096,321	-	-	1,096,321	5,641,391	-	-	6,737,712	6,916,081
<b>OTHER SOURCES OF INCOME</b>									
Federal and State Financial Assistance	3,818,049	-	-	3,818,049	-	-	-	3,818,049	5,343,286
Contributions	72,648	-	-	72,648	-	-	-	72,648	38,023
Grant Income - Summer Youth	707,028	-	-	707,028	-	-	-	707,028	-
Investment Return	4,453	-	-	4,453	624	-	-	5,077	4,043
Administrative Fee Income	442,103	-	-	442,103	-	-	-	(442,103)	-
Miscellaneous	49,459	-	-	49,459	2,793	-	-	52,252	25,693
Total	5,093,240	-	-	5,093,240	3,417	-	-	4,655,054	5,411,045
Total Revenue	16,796,604	-	-	16,796,604	5,644,808	-	-	21,999,309	22,345,426
<b>EXPENSES</b>									
Program Services:									
Retail Program - Cost of Goods Sold	3,194,886	-	-	3,194,886	-	-	-	3,194,886	3,065,442
Rehabilitation Services	12,063,644	-	-	12,063,644	5,421,115	-	-	17,042,656	17,604,710
Supporting Services	1,292,671	-	-	1,292,671	39,102	-	-	1,331,773	1,277,519
Management and General	16,551,201	-	-	16,551,201	5,460,217	-	-	21,569,315	21,947,671
Total Expenses	245,403	-	-	245,403	184,591	-	-	429,994	397,755
CHANGE IN NET ASSETS	2,814,165	-	-	2,814,165	1,900,552	-	-	4,714,717	4,316,962
NET ASSETS, BEGINNING OF YEAR	\$ 3,059,568	\$ -	\$ -	\$ 3,059,568	\$ 2,085,143	\$ -	\$ -	\$ 5,144,711	\$ 4,714,717
NET ASSETS, END OF YEAR									

See independent auditor's report.



GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.

SCHEDULE III  
COMBINING STATEMENT OF FUNCTIONAL EXPENSES  
For The Year Ended December 31, 2004  
(With Comparative Totals for 2003)

	Goodwill			Goodworks, Inc.			Elimination			Combined Total		
	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total
<b>WAGES AND PENSION</b>												
Wages	\$ 703,216	\$ 6,279,454	\$ 6,982,670	\$ 21,590	\$ 2,819,288	\$ 2,840,878	\$ -	\$ -	\$ -	\$ 724,806	\$ 9,098,742	\$ 9,823,548
Pension	-	-	-	-	680,797	680,797	-	-	-	-	680,797	680,797
	703,216	6,279,454	6,982,670	21,590	3,500,085	3,521,675	-	-	-	724,806	9,779,539	10,504,345
<b>OCCUPANCY</b>												
Rent	-	1,064,318	1,064,318	-	-	-	-	-	-	-	1,064,318	1,064,318
General Liability Insurance	39,582	285,897	325,479	1,077	142,845	143,922	-	-	-	40,659	428,742	469,401
Utilities	-	277,360	277,360	-	-	-	-	-	-	-	277,360	277,360
Repairs and Maintenance - General	-	165,034	165,034	-	72,403	72,403	-	-	-	-	237,437	237,437
Linen and Housekeeping Supplies	-	27,712	27,712	-	-	-	-	-	-	-	27,712	27,712
All Other	-	185,380	185,380	-	19,896	19,896	-	-	-	-	205,276	205,276
	39,582	2,005,701	2,045,283	1,077	235,144	236,221	-	-	-	40,659	2,240,845	2,281,504
<b>OPERATING</b>												
Janitorial Supplies	-	50,982	50,982	-	284,622	284,622	-	-	-	-	335,604	335,604
Production Materials	-	110,011	110,011	-	-	-	-	-	-	-	110,011	110,011
Waste Disposal Fees	-	268,341	268,341	-	-	-	-	-	-	-	268,341	268,341
Specific Assistance to Individuals	10,113	1,312,314	1,322,427	-	2,352	2,352	-	-	-	10,113	1,314,666	1,324,779
Travel and Promotion	29,653	132,889	162,542	411	5,668	6,079	-	-	-	30,064	138,557	168,621
Rental and Maintenance of Equipment	16,513	58,445	74,958	-	66,506	66,506	-	-	-	16,513	124,951	141,464
Supplies and General	22,907	73,929	96,836	91	2,935	3,026	-	-	-	22,998	76,864	99,862
Repairs - Company Vehicles	75	41,649	41,724	-	6,540	6,540	-	-	-	75	48,189	48,264
Gas and Oil - Company Vehicles	1,369	37,611	38,980	-	14,452	14,452	-	-	-	1,369	52,063	53,432
Insurance - Company Vehicles	3,242	68,622	71,864	23	34,352	34,375	-	-	-	3,265	102,974	106,239
Leasing Costs	-	42,345	42,345	-	53,095	53,095	-	-	-	-	95,440	95,440
	83,872	2,197,138	2,281,010	525	470,522	471,047	-	-	-	84,397	2,667,660	2,752,057



	Goodwill			Goodworks, Inc.			Elimination			Combined Total		
	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total
<b>ADMINISTRATIVE</b>												
Payroll Taxes	57,270	575,652	632,922	1,706	233,986	235,692	-	-	-	58,976	809,638	868,614
Worker's Compensation Insurance	11,262	141,125	152,387	274	123,805	124,079	-	-	-	11,536	264,930	276,466
Insurance - Employee Benefits	64,983	224,141	289,124	11,578	-	11,578	-	-	-	76,561	224,141	300,702
Subcontracting	-	20,390	20,390	-	26,051	26,051	-	-	-	-	46,441	46,441
Professional Fees	75,844	21,778	97,622	2,248	9,364	11,612	-	-	-	78,092	109,234	187,326
NISH Commissions	-	-	-	-	224,731	224,731	-	-	-	-	224,731	224,731
Telephone	15,378	104,542	119,920	54	17,123	17,177	-	-	-	15,432	121,665	137,097
Membership Dues	10,684	102,182	112,866	-	-	-	-	-	-	10,684	102,182	112,866
Printing	4,944	55,383	60,327	-	156	156	-	-	-	4,944	55,539	60,483
Postage	9,813	17,348	27,161	-	8	8	-	-	-	9,813	17,356	27,169
Other Administrative	185,538	112,381	297,919	45	480,841	480,886	-	-	-	185,583	151,119	336,702
Tax and Licenses	27	1,589	1,616	5	310	315	-	-	-	32	1,899	1,931
Bad Debt Expense	-	10,845	10,845	-	21,284	21,284	-	-	-	-	32,129	32,129
	<u>435,745</u>	<u>1,387,356</u>	<u>1,823,099</u>	<u>15,910</u>	<u>1,137,659</u>	<u>1,153,569</u>	<u>-</u>	<u>(442,103)</u>	<u>(442,103)</u>	<u>451,653</u>	<u>2,082,912</u>	<u>2,534,565</u>
<b>DEPRECIATION</b>	<u>30,258</u>	<u>193,995</u>	<u>224,253</u>	<u>-</u>	<u>77,705</u>	<u>77,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,258</u>	<u>271,700</u>	<u>301,958</u>
Total	<u>\$ 1,292,671</u>	<u>\$ 12,063,644</u>	<u>\$ 13,356,315</u>	<u>\$ 39,102</u>	<u>\$ 5,421,115</u>	<u>\$ 5,460,217</u>	<u>\$ -</u>	<u>\$ (442,103)</u>	<u>\$ (442,103)</u>	<u>\$ 1,331,773</u>	<u>\$ 17,042,656</u>	<u>\$ 18,374,429</u>

See independent auditor's report



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.**

**SCHEDULE IV  
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES  
For The Years Ended December 31, 2004 and 2003**

	Combined Total			Combined Total		
	Management and General	Rehabilitation Service	Total 2004	Management and General	Rehabilitation Service	Total 2003
<b>WAGES AND PENSION</b>						
Wages	\$ 724,806	\$ 9,098,742	\$ 9,823,548	\$ 712,249	\$ 8,339,912	\$ 9,052,161
Pension	-	680,797	680,797	-	696,873	696,873
	<u>724,806</u>	<u>9,779,539</u>	<u>10,504,345</u>	<u>712,249</u>	<u>9,036,785</u>	<u>9,749,034</u>
<b>OCCUPANCY</b>						
Rent	-	1,064,318	1,064,318	-	1,132,845	1,132,845
General Liability Insurance	40,659	428,742	469,401	33,117	359,063	392,180
Utilities	-	277,360	277,360	-	267,672	267,672
Repairs and Maintenance - General	-	237,437	237,437	-	187,213	187,213
Linen and Housekeeping Supplies	-	27,712	27,712	-	35,980	35,980
All Other	-	205,276	205,276	-	179,528	179,528
	<u>40,659</u>	<u>2,240,845</u>	<u>2,281,504</u>	<u>33,117</u>	<u>2,162,301</u>	<u>2,195,418</u>
<b>OPERATING</b>						
Janitorial Supplies	-	335,604	335,604	-	319,020	319,020
Production Materials	-	110,011	110,011	-	148,143	148,143
Waste Disposal Fees	-	268,341	268,341	-	253,138	253,138
Specific Assistance to Individuals	10,113	1,314,666	1,324,779	14,489	2,455,778	2,470,267
Travel and Promotion	30,064	138,557	168,621	30,360	159,249	189,609
Rental and Maintenance of Equipment	16,513	124,951	141,464	21,354	191,339	212,693
Supplies and General	22,998	76,864	99,862	30,392	109,324	139,716
Repairs - Company Vehicles	75	48,189	48,264	243	45,087	45,330
Gas and Oil - Company Vehicles	1,369	52,063	53,432	1,226	50,187	51,413
Insurance - Company Vehicles	3,265	102,974	106,239	5,186	92,188	97,374
Leasing Costs	-	95,440	95,440	-	81,835	81,835
	<u>84,397</u>	<u>2,667,660</u>	<u>2,752,057</u>	<u>103,250</u>	<u>3,905,288</u>	<u>4,008,538</u>
<b>ADMINISTRATIVE</b>						
Payroll Taxes	58,976	809,638	868,614	53,344	688,740	742,084
Worker's Compensation Insurance	11,536	264,930	276,466	10,458	352,578	363,036
Insurance - Employee Benefits	76,561	224,141	300,702	66,916	182,469	249,385
Subcontracting	-	46,441	46,441	-	245,079	245,079
Professional Fees	78,092	31,142	109,234	61,563	30,458	92,021
NISH Commissions	-	224,731	224,731	-	222,535	222,535
Telephone	15,432	121,665	137,097	13,022	146,825	159,847
Membership Dues	10,684	102,182	112,866	6,744	110,279	117,023
Printing	4,944	55,539	60,483	6,284	43,364	49,648
Postage	9,813	17,356	27,169	10,851	19,610	30,461
Other Administrative	185,583	151,119	336,702	91,380	134,356	225,736
Tax and Licenses	32	1,899	1,931	10	4,180	4,190
Bad Debt Expense	-	32,129	32,129	69,872	21,589	91,461
	<u>451,653</u>	<u>2,082,912</u>	<u>2,534,565</u>	<u>390,444</u>	<u>2,202,062</u>	<u>2,592,506</u>
<b>DEPRECIATION</b>	<u>30,258</u>	<u>271,700</u>	<u>301,958</u>	<u>38,459</u>	<u>298,274</u>	<u>336,733</u>
<b>Total</b>	<u>\$ 1,331,773</u>	<u>\$ 17,042,656</u>	<u>\$ 18,374,429</u>	<u>\$ 1,277,519</u>	<u>\$ 17,604,710</u>	<u>\$ 18,882,229</u>

See independent auditor's report.



**OMB CIRCULAR A-133 SECTION**



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2004**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Total Revenue/ Expenses Recognized</u>	<u>Federal Revenue/ Expenses Recognized</u>	<u>State Revenue/ Expenses Recognized</u>
<b>MAJOR PROGRAMS</b>					
<b>U.S. DEPARTMENT OF LABOR</b>					
Passed Through City of New Orleans					
Workforce Investment Act	17.258	03-MYR-046	\$ 1,225,065	\$ 1,225,065	\$ -
Workforce Investment Act	17.260	03-MYR-046	509,920	509,920	-
Workforce Investment Act	17.258	04-MYR-036	861,404	861,404	-
Workforce Investment Act	17.260	04-MYR-036	489,192	489,192	-
Subtotal - U.S. DEPARTMENT OF LABOR			3,085,581	3,085,581	-
TOTAL MAJOR PROGRAMS			3,085,581	3,085,581	-
<b>OTHER FEDERAL ASSISTANCE</b>					
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Passed Through State of Louisiana Office of Family Support Project Independence	93.593	550564/550571/550574	113,429	113,429	-
Subtotal - Department of Health and Human Services			113,429	113,429	-
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Passed Through Unity for the Homeless					
Kitchen Management	14.235	LA48B00-3003	48,879	48,879	-
Employment	14.235	LA48B-10-3011	35,938	35,938	-
Culinary Arts	14.235	LA48B-10-3012	133,851	133,851	-
Passed Through City of New Orleans					
CDBG - LES Goodwill	14.218	50-175(97)	30,710	30,710	-
CDBG - Culinary Arts	14.218	50-192(98)	17,979	17,979	-
HOPE 6	14.866	HOPE 6	55,792	55,792	-
Subtotal - U.S. Department of Housing and Urban Development			323,149	323,149	-
<b>U. S. DEPARTMENT OF LABOR</b>					
Workforce Investment Act - Tulane / Xavier	17.259	Tulane / Xavier	20,450	20,450	-
Passed Through City of New Orleans					
Workforce Investment Act - STEP	17.255	04-MYR-036	275,440	275,440	-
Subtotal - U.S. Department of Labor			295,890	295,890	-
TOTAL OTHER FEDERAL ASSISTANCE			732,468	732,468	-
TOTAL			\$ 3,818,049	\$ 3,818,049	\$ -

See accompanying notes to schedule of expenditures of federal awards



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2004**

**NOTE A**

**BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **GOODWILL** and **GOODWORKS** Organizations and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements on OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.





**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Boards of Directors  
**Goodwill Industries of Southeastern  
Louisiana, Inc. and Goodworks, Inc.**

We have audited the combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.**, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit we considered **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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This report is intended solely for the information of the Finance Committee, Boards of Directors, Management, Louisiana Department of Health and Human Services, Office of Family Services, City of New Orleans, the Department of Housing and Urban Development, Goodwill Industries International, United Way for the Greater New Orleans Area, United Way of St. Charles, St. John United Way, Jefferson Parish Department of Employment and Training and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24: 513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

June 22, 2005





**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Boards of Directors  
**Goodwill Industries of Southeastern  
Louisiana, Inc. and Goodworks, Inc.**

**Compliance**

We have audited the compliance of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2004. **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** management. Our responsibility is to express an opinion on **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** compliance with those requirements.

In our opinion, **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.



### Internal Control Over Compliance

The management of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** and **GOODWORKS, INC.** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s** and **GOODWORKS, INC.'s** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to the major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Finance Committee, Boards of Directors, Management, Louisiana Department of Health and Human Services, Office of Family Services, City of New Orleans, the Department of Housing and Urban Development, Goodwill Industries International, United Way for the Greater New Orleans Area, United Way of St. Charles, St. John United Way, Jefferson Parish Department of Employment and Training and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24: 513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

June 22, 2005



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended December 31, 2004**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.**
2. No reportable conditions relating to the audit of the combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** were disclosed during the audit.
3. No instances of noncompliance material to the combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** are reported in Part C. of this Schedule.
7. The programs tested as major programs included:

<u>PROGRAM</u>	<u>CFDA No.</u>
Workforce Investment Act	17.258
Workforce Investment Act	17.260

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** were determined to be low-risk auditees.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
STATUS OF PRIOR YEAR AUDIT FINDINGS  
For The Year Ended December 31, 2004**

**Prior Year Audit Findings**

None Noted